

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 510, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation.
- 4 Delete everything after the enacting clause and insert the
- 5 following:
- 6 SECTION 1. IC 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006,
- 7 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 UPON PASSAGE]: Sec. 1. As used in this chapter:
- 9 "Ad valorem property tax levy for an ensuing calendar year"
- 10 means the total property taxes imposed by a civil taxing unit for current
- 11 property taxes collectible in that ensuing calendar year.
- 12 "Adopting county" means any county in which the county adjusted
- 13 gross income tax is in effect.
- 14 "Civil taxing unit" means any taxing unit except a school
- 15 corporation.
- 16 "Maximum permissible ad valorem property tax levy for the
- 17 preceding calendar year" means the greater of:
- 18 (1) the remainder of:
- 19 (A) the civil taxing unit's maximum permissible ad valorem
- 20 property tax levy for the calendar year immediately
- 21 preceding the ensuing calendar year, as that levy was
- 22 determined under section 3 of this chapter; minus
- 23 (B) one-half (1/2) of the remainder of:
- 24 (i) the civil taxing unit's maximum permissible ad
- 25 valorem property tax levy referred to in clause (A);
- 26 minus

(ii) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year referred to in subdivision (2); or
 (2) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Redevelopment assessed value quotient" for an ensuing calendar year means the quotient of:

(1) the sum of:

(A) the taxable assessed value that results in the calendar year that immediately precedes the ensuing calendar year from construction of new structures in a civil taxing unit either:

(i) on unimproved real estate; or

(ii) on real estate upon which a prior existing structure is demolished to allow for new construction;

in the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the calendar year that immediately precedes the ensuing calendar year; plus

(B) the taxable assessed value in the calendar year that immediately precedes the ensuing calendar year of all real property in the civil taxing unit other than the real property referred to in clause (A); divided by

(2) the sum of:

(A) the taxable assessed value of:

(i) the unimproved real estate;

(ii) the prior existing structures; or

(iii) both items (i) and (ii);

referred to in subdivision (1)(A) in the calendar year that precedes by two (2) years the ensuing calendar year; plus

(B) the taxable assessed value determined under subdivision (1)(B).

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year

before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 2. IC 6-1.1-18.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as not being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, that was used to reduce the civil taxing unit's ad valorem property tax levy under STEP ~~EIGHT~~ NINE of subsection (b) for that preceding calendar year.

STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient (rounded to the nearest ten-thousandth (0.0001)), of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year, divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Multiply the amount determined in STEP FIVE by the civil taxing unit's redevelopment assessed value quotient for the ensuing calendar year.

~~STEP SIX: SEVEN:~~ Add the amount determined under STEP TWO to the amount determined under subsection (c).

~~STEP SEVEN: EIGHT:~~ Determine the greater of the amount determined under STEP ~~FIVE~~ SIX or the amount determined under STEP ~~SIX: SEVEN~~.

(b) Except as otherwise provided in this chapter and IC 6-3.5-8-12, a civil taxing unit that is treated as being located in an adopting county under section 4 of this chapter may not impose an ad valorem property tax levy for an ensuing calendar year that exceeds the amount determined in the last STEP of the following STEPS:

STEP ONE: Add the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year to the part of the civil taxing unit's certified share, if any, used to reduce the civil taxing unit's ad valorem property tax levy under

STEP EIGHT of this subsection for that preceding calendar year.
 STEP TWO: Multiply the amount determined in STEP ONE by the amount determined in the last STEP of section 2(b) of this chapter.

STEP THREE: Determine the lesser of one and fifteen hundredths (1.15) or the quotient of the assessed value of all taxable property subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year divided by the assessed value of all taxable property that is subject to the civil taxing unit's ad valorem property tax levy for the ensuing calendar year and that is contained within the geographic area that was subject to the civil taxing unit's ad valorem property tax levy in the preceding calendar year.

STEP FOUR: Determine the greater of the amount determined in STEP THREE or one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Multiply the amount determined in STEP FIVE by the civil taxing unit's redevelopment assessed value quotient for the ensuing calendar year.

~~STEP SIX:~~ **SEVEN:** Add the amount determined under STEP TWO to the amount determined under subsection (c).

~~STEP SEVEN:~~ **EIGHT:** Determine the greater of the amount determined under STEP ~~FIVE~~ **SIX** or the amount determined under STEP ~~SIX:~~ **SEVEN.**

~~STEP EIGHT:~~ **NINE:** Subtract the amount determined under STEP FIVE of subsection (e) from the amount determined under STEP ~~SEVEN~~ **EIGHT** of this subsection.

(c) If a civil taxing unit in the immediately preceding calendar year provided an area outside its boundaries with services on a contractual basis and in the ensuing calendar year that area has been annexed by the civil taxing unit, the amount to be entered under STEP ~~SIX~~ **SEVEN** of subsection (a) or STEP ~~SIX~~ **SEVEN** of subsection (b), as the case may be, equals the amount paid by the annexed area during the immediately preceding calendar year for services that the civil taxing unit must provide to that area during the ensuing calendar year as a result of the annexation. In all other cases, the amount to be entered under STEP ~~SIX~~ **SEVEN** of subsection (a) or STEP ~~SIX~~ **SEVEN** of subsection (b), as the case may be, equals zero (0).

(d) This subsection applies only to civil taxing units located in a county having a county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as of January 1 of the ensuing calendar year. For each civil taxing unit, the amount to be added to the amount determined in subsection (e), STEP FOUR, is determined using the following formula:

STEP ONE: Multiply the civil taxing unit's maximum permissible ad valorem property tax levy for the preceding calendar year by two percent (2%).

STEP TWO: For the determination year, the amount to be used as the STEP TWO amount is the amount determined in

subsection (f) for the civil taxing unit. For each year following the determination year the STEP TWO amount is the lesser of:

- (A) the amount determined in STEP ONE; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the civil taxing unit's certified share for the ensuing calendar year minus the greater of:
 - (i) the civil taxing unit's certified share for the calendar year that immediately precedes the ensuing calendar year; or
 - (ii) the civil taxing unit's base year certified share.

STEP FOUR: Determine the greater of:

- (A) zero (0); or
- (B) the amount determined in STEP TWO minus the amount determined in STEP THREE.

Add the amount determined in STEP FOUR to the amount determined in subsection (e), STEP THREE, as provided in subsection (e), STEP FOUR.

(e) For each civil taxing unit, the amount to be subtracted under subsection (b), ~~STEP EIGHT~~, **NINE**, is determined using the following formula:

STEP ONE: Determine the lesser of the civil taxing unit's base year certified share for the ensuing calendar year, as determined under section 5 of this chapter, or the civil taxing unit's certified share for the ensuing calendar year.

STEP TWO: Determine the greater of:

- (A) zero (0); or
- (B) the remainder of:
 - (i) the amount of federal revenue sharing money that was received by the civil taxing unit in 1985; minus
 - (ii) the amount of federal revenue sharing money that will be received by the civil taxing unit in the year preceding the ensuing calendar year.

STEP THREE: Determine the lesser of:

- (A) the amount determined in STEP TWO; or
- (B) the amount determined in subsection (f) for the civil taxing unit.

STEP FOUR: Add the amount determined in subsection (d), STEP FOUR, to the amount determined in STEP THREE.

STEP FIVE: Subtract the amount determined in STEP FOUR from the amount determined in STEP ONE.

(f) As used in this section, a taxing unit's "determination year" means the latest of:

- (1) calendar year 1987, if the taxing unit is treated as being located in an adopting county for calendar year 1987 under section 4 of this chapter;
- (2) the taxing unit's base year, as defined in section 5 of this chapter, if the taxing unit is treated as not being located in an

adopting county for calendar year 1987 under section 4 of this chapter; or

(3) the ensuing calendar year following the first year that the taxing unit is located in a county that has a county adjusted gross income tax rate of more than one-half percent (0.5%) on July 1 of that year.

The amount to be used in subsections (d) and (e) for a taxing unit depends upon the taxing unit's certified share for the ensuing calendar year, the taxing unit's determination year, and the county adjusted gross income tax rate for resident county taxpayers (as defined in IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of the year preceding the ensuing calendar year. For the determination year and the ensuing calendar years following the taxing unit's determination year, the amount is the taxing unit's certified share for the ensuing calendar year multiplied by the appropriate factor prescribed in the following table:

COUNTIES WITH A TAX RATE OF 1/2%

	Subsection (e)
Year	Factor
For the determination year and each ensuing calendar year following the determination year	0

COUNTIES WITH A TAX RATE OF 3/4%

	Subsection (e)
Year	Factor
For the determination year and each ensuing calendar year following the determination year	1/2

COUNTIES WITH A TAX RATE OF 1.0%

	Subsection (d)	Subsection (e)
Year	Factor	Factor
For the determination year	1/6	1/3
For the ensuing calendar year following the determination year	1/4	1/3
For the ensuing calendar year following the determination year by two (2) years	1/3	1/3

SECTION 3. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006, SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed *on or before*

1 ~~March 1~~ of each year with the auditor of state.

2 (e) "Mobile home assessments" means the assessments of mobile
3 homes made under IC 6-1.1-7.

4 (f) "Postabstract adjustments" means adjustments in taxes made
5 subsequent to the filing of an auditor's abstract which change
6 assessments therein or add assessments of omitted property affecting
7 taxes for such assessment year.

8 (g) "Total county tax levy" means the sum of:

9 (1) the remainder of:

10 (A) the aggregate levy of all taxes for all taxing units in a
11 county which are to be paid in the county for a stated
12 assessment year as reflected by the auditor's abstract for the
13 assessment year, adjusted, however, for any postabstract
14 adjustments which change the amount of the aggregate levy;
15 minus

16 (B) the sum of any increases in property tax levies of taxing
17 units of the county that result from appeals described in:

18 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
19 December 31, 1982; plus

20 (ii) the sum of any increases in property tax levies of taxing
21 units of the county that result from any other appeals
22 described in IC 6-1.1-18.5-13 filed after December 31,
23 1983; plus

24 (iii) IC 6-1.1-18.6-3 (children in need of services and
25 delinquent children who are wards of the county) (*before its*
26 *repeal*); minus

27 (C) the total amount of property taxes imposed for the stated
28 assessment year by the taxing units of the county under the
29 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
30 IC 12-19-5, or IC 12-20-24; minus

31 (D) the total amount of property taxes to be paid during the
32 stated assessment year that will be used to pay for interest or
33 principal due on debt that:

34 (i) is entered into after December 31, 1983;

35 (ii) is not debt that is issued under IC 5-1-5 to refund debt
36 incurred before January 1, 1984; and

37 (iii) does not constitute debt entered into for the purpose of
38 building, repairing, or altering school buildings for which
39 the requirements of IC 20-5-52 (repealed) were satisfied
40 prior to January 1, 1984; minus

41 (E) the amount of property taxes imposed in the county for the
42 stated assessment year under the authority of IC 21-2-6
43 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
44 cumulative building fund whose property tax rate was initially
45 established or reestablished for a stated assessment year that
46 succeeds the 1983 stated assessment year; minus

47 (F) the remainder of:

48 (i) the total property taxes imposed in the county for the
49 stated assessment year under authority of IC 21-2-6
50 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a

1 cumulative building fund whose property tax rate was not
 2 initially established or reestablished for a stated assessment
 3 year that succeeds the 1983 stated assessment year; minus
 4 (ii) the total property taxes imposed in the county for the
 5 1984 stated assessment year under the authority of IC 21-2-6
 6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 7 cumulative building fund whose property tax rate was not
 8 initially established or reestablished for a stated assessment
 9 year that succeeds the 1983 stated assessment year; minus
 10 (G) the amount of property taxes imposed in the county for the
 11 stated assessment year under:

12 (i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital
 13 projects fund; plus
 14 (ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a
 15 racial balance fund; plus
 16 (iii) IC 36-12-12 for a library capital projects fund; plus
 17 (iv) IC 36-10-13-7 for an art association fund; plus
 18 (v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special
 19 education preschool fund; plus
 20 (vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a
 21 referendum tax levy fund; plus
 22 (vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*)
 23 or IC 20-45-6-8 for an increase in a school corporation's
 24 maximum permissible ~~general fund~~ tuition support levy for
 25 certain transfer tuition costs; plus
 26 (viii) an appeal filed under IC 6-1.1-19-5.4 (*before its*
 27 *repeal*) or IC 20-46-4-10 for an increase in a school
 28 corporation's maximum permissible ~~general~~ transportation
 29 fund levy for transportation operating costs; minus
 30 (H) the amount of property taxes imposed by a school
 31 corporation that is attributable to the passage, after 1983, of a
 32 referendum for an excessive tax levy under ~~IC 6-1.1-19~~
 33 ~~IC 6-1.1-19-4.5~~ (*before its repeal*), including any increases in
 34 these property taxes that are attributable to the adjustment set
 35 forth in IC 6-1.1-19-1.5 (*before its repeal*), IC 20-45-3, or any
 36 other law; minus

37 (I) for each township in the county, the lesser of:

38 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 39 STEP THREE (*as effective January 1, 1990*) or
 40 IC 6-1.1-18.5-19(b) STEP THREE (*as effective January 1,*
 41 *1990*), whichever is applicable, plus the part, if any, of the
 42 township's ad valorem property tax levy for calendar year
 43 1989 that represents increases in that levy that resulted from
 44 an appeal described in IC 6-1.1-18.5-13(4) (*as effective*
 45 *before January 1, 1989*), filed after December 31, 1982; or
 46 (ii) the amount of property taxes imposed in the township for
 47 the stated assessment year under the authority of
 48 IC 36-8-13-4; minus

49 (J) for each participating unit in a fire protection territory
 50 established under IC 36-8-19-1, the amount of property taxes

levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN *(as effective January 1, 1995)* for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b) *(as effective before March 16, 2004)* and IC 12-19-7-4 *(as effective after March 15, 2004)*; and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 *(before its repeal)* that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN *(as effective January 1, 1995)* for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) *(as effective before March 16, 2004)* and IC 12-19-7-4 *(as effective after March 15, 2004)* for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP ~~EIGHT~~ NINE for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes ~~which~~ *that* each county auditor is required to prepare ~~on or before March 1 of~~ each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a

- 1 stated assessment year.
- 2 (2) Twenty percent (20%) of the total county tax levy (less sixty
- 3 percent (60%) of the levy for the general fund of a school
- 4 corporation that is part of the total county tax levy) imposed in a
- 5 county on real property for a stated assessment year.
- 6 (3) Twenty percent (20%) of the total county tax levy (less sixty
- 7 percent (60%) of the levy for the general fund of a school
- 8 corporation that is part of the total county tax levy) imposed in a
- 9 county on tangible personal property, excluding business personal
- 10 property, for an assessment year.
- 11 (k) "Business personal property" means tangible personal property
- 12 (other than real property) that is being:
- 13 (1) held for sale in the ordinary course of a trade or business; or
- 14 (2) held, used, or consumed in connection with the production of
- 15 income.
- 16 (l) "Taxpayer's property tax replacement credit amount" means,
- 17 except as otherwise provided by law, the sum of the following:
- 18 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
- 19 year for taxes imposed by a school corporation for its general fund
- 20 for a stated assessment year.
- 21 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 22 assessment year for a total county tax levy (less sixty percent
- 23 (60%) of the levy for the general fund of a school corporation that
- 24 is part of the total county tax levy) on real property.
- 25 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 26 assessment year for a total county tax levy (less sixty percent
- 27 (60%) of the levy for the general fund of a school corporation that
- 28 is part of the total county tax levy) on tangible personal property
- 29 other than business personal property.
- 30 (m) "Tax liability" means tax liability as described in section 5 of
- 31 this chapter.
- 32 (n) "General school operating levy" means the ad valorem property
- 33 tax levy of a school corporation in a county for the school corporation's
- 34 general fund.
- 35 (o) "Board" refers to the property tax replacement fund board
- 36 established under section 10 of this chapter.
- 37 SECTION 4. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-1,
- 38 IC 6-1.1-18.5-3, and IC 6-1.1-21-2, all as amended by this act, apply
- 39 only to property taxes first due and payable after 2007.
- 40 SECTION 5. An emergency is declared for this act.
- (Reference is to SB 510 as introduced.)

and when so amended that said bill be reassigned to the Senate Committee on Tax and Fiscal Policy.

LONG, Chairperson